

**LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
June 30, 2020**



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**Lynnville-Sully Community School District  
Board of Education and School District Officials  
Year Ended June 30, 2020**

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tammy Vos	President	2023
Gerry Van Dyke	Vice President	2021
Jeremy Schnell	Board Member	2021
David Foster	Board Member	2023
Amanda Jones	Board Member	2023

**School District Officials**

Shane Ehresman	Superintendent	2020
Karla De Cook	Business Manager/District Secretary	2020
Kyle Terpstra	District Treasurer	2020
Lynch Dallas, P.C.	Attorney	2020



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**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

## **Independent Auditor's Report**

To the Board of Education  
Lynnville-Sully Community School District  
Sully, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Lynnville-Sully Community School District, Sully, Iowa, as of and for the year ended June 30, 2020, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Lynnville-Sully Community School District as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 12 and 40 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lynnville-Sully Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 14, 2021, on our consideration of the Lynnville-Sully Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lynnville-Sully Community School District's internal control over financial reporting and compliance.

*Van Maanen, Sietstra, Meyer & Nikkel PC*

Van Maanen, Sietstra, Meyer & Nikkel, PC  
Certified Public Accountants

January 14, 2021

The Lynnville-Sully Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2020 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$5,787,705 in fiscal 2019 to \$6,042,915 in fiscal 2020, while General Fund expenditures increased from \$5,585,319 in fiscal 2019 to \$5,926,514 in fiscal 2020. The District's General Fund balance increased from \$1,028,602 in fiscal 2019 to \$1,145,003 in fiscal 2020, an 11% increase.
- The increase in General Fund revenues was attributable to more property tax money received due to a cash reserve levy. The increase in expenditures was due primarily to an increase in salaries and benefits and increased special education expenditures.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Lynnville-Sully Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Lynnville-Sully Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the changes in the District's total OPEB liability, related ratios, and notes.

Supplementary Information provides detailed information about the non-major governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

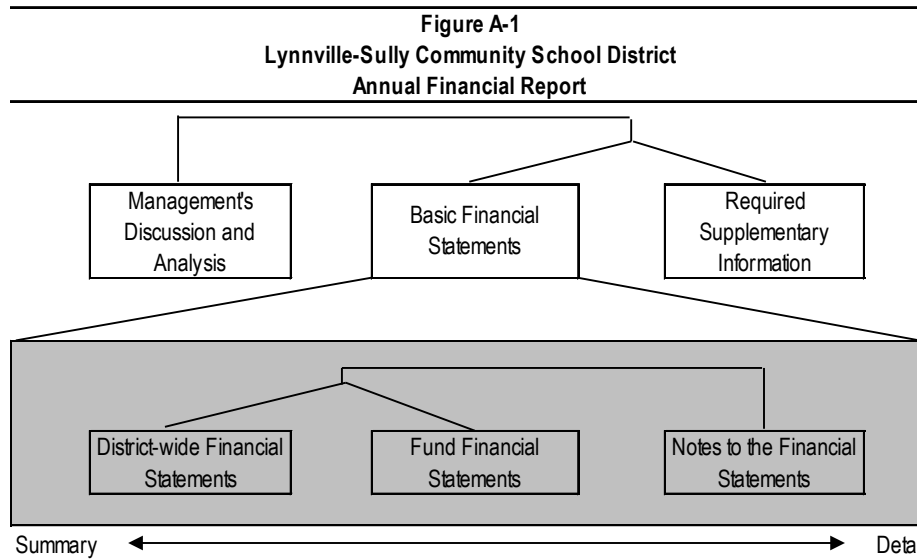


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b> <b>Major Features of the Government-Wide and Fund Financial Statements</b>			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services
Required Financial Statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses and changes in fund net position * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2020 compared to June 30, 2019.

<b>Figure A-3</b> <b>Condensed Statement of Net Position</b> <b>(Expressed in Thousands)</b>							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
	as restated				as restated		
Current and other assets	\$ 6,604	5,742	124	127	6,728	5,869	14.6%
Capital assets	4,906	5,159	27	18	4,933	5,177	-4.7%
Total assets	11,510	10,901	151	145	11,661	11,046	5.6%
Deferred outflows of resources	816	1,193	25	37	841	1,230	-31.6%
Long-term liabilities	4,339	5,044	109	126	4,448	5,170	-14.0%
Other liabilities	828	698	2	-	830	698	18.9%
Total liabilities	5,167	5,742	111	126	5,278	5,868	-10.1%
Deferred inflows of resources	3,662	3,404	15	15	3,677	3,419	7.5%
Net position:							
Invested in capital assets, net of related debt	3,762	3,731	27	18	3,789	3,749	1.1%
Restricted	1,701	1,303	-	-	1,701	1,303	30.5%
Unrestricted	(1,966)	(2,086)	23	23	(1,943)	(2,063)	-5.8%
Total net position	\$ 3,497	2,948	50	41	3,547	2,989	18.7%

The District's combined net position increased by nearly 18.7%, or approximately \$558,000 over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$398,000 or 30.5% from the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$120,000 or 5.8%. This decrease in unrestricted net position was primarily a result of the newly implemented GASB 68, which defines pension liability and related deferred outflows and inflows.

**Lynnville-Sully Community School District  
Management's Discussion and Analysis  
Year ended June 30, 2020**

Figure A-4 shows the change in net position for the year ended June 30, 2020 compared to the year ended June 30, 2019.

<b>Figure A-4 Changes in Net Position (Expressed in Thousands)</b>							
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total District</b>		<b>Total Change</b>
	<b>Year ended June 30,</b>		<b>Year ended June 30,</b>		<b>Year ended June 30,</b>		<b>June 30,</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019-2020</b>
Revenues:							
Program revenues:							
Charges for service	\$ 911	930	149	186	1,060	1,116	-5.0%
Operating grants, contributions and restricted interest	1,013	1,005	150	116	1,163	1,121	3.7%
General revenues:							
Property tax	2,898	2,696	-	-	2,898	2,696	7.5%
Statewide sales, service and use tax	480	474	-	-	480	474	1.3%
Unrestricted state grants	2,095	2,024	-	-	2,095	2,024	3.5%
Unrestricted investment earnings	22	20	-	-	22	20	10.0%
Other	139	127	-	-	139	127	9.4%
Total revenues	7,558	7,276	299	302	7,857	7,578	3.7%
Program expenses:							
Governmental activities:							
Instruction	4,543	4,680	-	-	4,543	4,680	-2.9%
Support services	1,995	2,002	-	-	1,995	2,002	-0.3%
Non-instructional programs	1	1	290	311	291	312	-6.7%
Other expenses	470	425	-	-	470	425	10.6%
Total expenses	7,009	7,108	290	311	7,299	7,419	-1.6%
Change in net position	549	168	9	(9)	558	159	250.9%
Net position beginning of year	2,948	2,780	41	50	2,989	2,830	5.6%
Net position end of year	\$ 3,497	2,948	50	41	3,547	2,989	18.7%

In fiscal 2020, property tax and unrestricted state grants account for 66% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 100% of the revenue from business type activities. The District's expenses primarily relate to instruction and support services, which account for 93% of the total expenses.

**Governmental Activities**

Revenues for governmental activities were \$7,558,458 and expenses were \$7,009,939.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2020 compared to the year ended June 30, 2019.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services		Change	Net Cost of Services		Change
	2020	2019	2019-2020	2020	2019	2019-2020
Instruction	\$ 4,543	4,680	-2.9%	\$ 2,871	2,970	-3.3%
Support services	1,995	2,002	-0.3%	1,947	1,975	-1.4%
Non-instructional programs	1	1	0.0%	1	1	0.0%
Other expenses	470	425	10.6%	266	227	17.2%
Totals	\$ 7,009	7,108	-1.4%	\$ 5,085	5,173	-1.7%

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$910,933
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,013,211
- The net cost of governmental activities was financed with \$3,378,101 in property and other taxes and \$2,095,098 in unrestricted state grants.

#### Business Type Activities

Revenues for business type activities during the year ended June 30, 2020 were \$299,395 representing a 0% increase over the prior year, while expenses totaled \$290,031 a 7% decrease over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

#### INDIVIDUAL FUND ANALYSIS

As previously noted, Lynnville-Sully Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,690,247 up from last year's ending fund balances of \$2,198,976.

#### Governmental Fund Highlights

- The General Fund balance increased from \$1,028,602 to \$1,145,003 due in part to cash reserve levy and school closure.
- The Management Fund balance increased from a balance of \$202,907 in fiscal 2019 to a balance of \$378,004 in fiscal 2020.
- The Capital Projects Fund balance increased from \$742,044 in fiscal 2019 to \$942,050 in fiscal 2020.

#### Proprietary Fund Highlights

School Nutrition Fund net position increased from \$40,861 at June 30, 2019 to \$50,225 at June 30, 2020, representing an increase of approximately 23%.

#### BUDGETARY HIGHLIGHTS

The District's receipts were \$24,447 lower than budgeted, a variance of 0%.

Total expenditures were less than budgeted, due primarily to the District's budget for the instruction and support services, and a decrease in operating costs due to school closure.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2020, the District had invested \$4.9 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$428,318.

The original cost of the District's capital assets was approximately \$11.7 million. Governmental funds account for approximately \$11.6 million, with the remainder of approximately \$0.1 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the building category. The District's buildings totaled \$9,082,928 at June 30, 2020, compared to \$9,001,438 at June 30, 2019.

**Figure A-6**  
**Capital Assets, net of Depreciation**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Land	\$ 116	116	-	-	116	116	0.0%
Buildings	3,758	3,957	-	-	3,758	3,957	-5.0%
Improvements other than buildings	453	490	-	-	453	490	-7.6%
Furniture and equipment	579	596	27	18	606	614	-1.3%
Totals	\$ 4,906	5,159	27	18	4,933	5,177	-4.7%

### Long-Term Debt

At June 30, 2020, the District had \$4,338,787 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 14% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

**Figure A-7**  
**Outstanding Long-Term Obligations**  
**(Expressed in Thousands)**

	Total District		Change
	June 30,		June 30,
	2020	2019	2019-2020
	as restated		
General obligation bonds	\$ 225	440	-48.9%
GO bonds discount	(1)	(2)	-50.0%
Revenue bonds	920	990	-7.1%
Early retirement	10	30	-66.7%
Net pension liability	2,706	2,945	-8.1%
Net OPEB liability	588	767	
Totals	\$ 4,448	5,170	-14.0%

#### **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

- The District expects increased special education costs due to increased special education needs including one-on-one associates.
- The District will negotiate a new agreement with PALS for fiscal year 2020-2021. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's general fund budget and related fund balance.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Karla De Cook, District Secretary/Treasurer and Business Manager, Lynnvile-Sully Community School District, Sully, Iowa, 50251.

## **Basic Financial Statements**

## Exhibit A

**Lynnville-Sully Community School District**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 3,218,704	118,498	3,337,202
Receivables:			
Property tax:			
Delinquent	7,867	-	7,867
Succeeding year	2,875,203	-	2,875,203
Income surtax	209,379	-	209,379
Accounts	4,607	-	4,607
Due from other governments	285,132	-	285,132
Prepaid expense	3,078	-	3,078
Inventories	-	6,268	6,268
Capital assets, net of accumulated depreciation	4,906,197	27,179	4,933,376
<b>Total assets</b>	<b>11,510,167</b>	<b>151,945</b>	<b>11,662,112</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	816,009	24,970	840,979
<b>Liabilities</b>			
Accounts payable	231,292	-	231,292
Salaries and benefits payable	529,213	2,247	531,460
Deposits payable	47,250	-	47,250
Accrued interest payable	20,994	-	20,994
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	223,943	-	223,943
Revenue bonds	70,000	-	70,000
Early retirement	10,000	-	10,000
Portion due after one year:			
Revenue bonds	850,000	-	850,000
Net pension liability	2,628,127	77,682	2,705,809
Net OPEB liability	556,717	31,512	588,229
<b>Total liabilities</b>	<b>5,167,536</b>	<b>111,441</b>	<b>5,278,977</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	2,875,203	-	2,875,203
Unavailable income surtax revenue	209,379	-	209,379
Advances from Federal grantors	21,386	-	21,386
Pension related deferred inflows	555,716	15,249	570,965
<b>Total Deferred Inflow of Resources</b>	<b>3,661,684</b>	<b>15,249</b>	<b>3,676,933</b>
<b>Net Position</b>			
Net investment in capital assets	3,762,254	27,179	3,789,433
Restricted for:			
Categorical funding	176,590	-	176,590
Debt service	142,575	-	142,575
Management levy purposes	378,004	-	378,004
Student activities	217,376	-	217,376
Physical plant and equipment	145,579	-	145,579
School infrastructure	640,716	-	640,716
Unrestricted	(1,966,138)	23,046	(1,943,092)
<b>Total net position</b>	<b>\$ 3,496,956</b>	<b>50,225</b>	<b>3,547,181</b>

See notes to financial statements.



**Lynnville-Sully Community School District**  
**Statement of Activities**  
**Year ended June 30, 2020**

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Governmental activities:						
Instruction:						
Regular instruction	\$ 2,659,759	617,249	673,971	(1,368,539)	-	(1,368,539)
Special instruction	889,225	104,966	85,879	(698,380)	-	(698,380)
Other instruction	994,155	188,718	1,475	(803,962)	-	(803,962)
	<u>4,543,139</u>	<u>910,933</u>	<u>761,325</u>	<u>(2,870,881)</u>	<u>-</u>	<u>(2,870,881)</u>
Support Services:						
Student	160,983	-	-	(160,983)	-	(160,983)
Instructional staff	211,175	-	-	(211,175)	-	(211,175)
Administration	729,121	-	-	(729,121)	-	(729,121)
Operating and maintenance of plant	536,193	-	-	(536,193)	-	(536,193)
Transportation	357,248	-	47,819	(309,429)	-	(309,429)
	<u>1,994,720</u>	<u>-</u>	<u>47,819</u>	<u>(1,946,901)</u>	<u>-</u>	<u>(1,946,901)</u>
Non-instructional programs	<u>907</u>	<u>-</u>	<u>-</u>	<u>(907)</u>	<u>-</u>	<u>(907)</u>
Other expenditures:						
Facilities acquisition	205,809	-	-	(205,809)	-	(205,809)
Long-term debt interest	60,297	-	-	(60,297)	-	(60,297)
AEA flowthrough	204,067	-	204,067	-	-	-
	<u>470,173</u>	<u>-</u>	<u>204,067</u>	<u>(266,106)</u>	<u>-</u>	<u>(266,106)</u>
Total governmental activities	<u>7,008,939</u>	<u>910,933</u>	<u>1,013,211</u>	<u>(5,084,795)</u>	<u>-</u>	<u>(5,084,795)</u>
Business type activities:						
Non-instructional programs:						
Food service operations	290,031	149,025	150,194	-	9,188	9,188
	<u>290,031</u>	<u>149,025</u>	<u>150,194</u>	<u>-</u>	<u>9,188</u>	<u>9,188</u>
Total primary government	<u>\$ 7,298,970</u>	<u>1,059,958</u>	<u>1,163,405</u>	<u>(5,084,795)</u>	<u>9,188</u>	<u>(5,075,607)</u>

Exhibit B

**Lynnville-Sully Community School District**  
**Statement of Activities**  
**Year ended June 30, 2020**

	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
	Operating Grants, Contributions and			Business		
	Charges for	Restricted		Governmental	Type	
Expenses	Service	Interest		Activities	Activities	Total
Totals continued from previous pages	\$ 7,298,970	1,059,958	1,163,405	(5,084,795)	9,188	(5,075,607)
General Revenues:						
Property tax levied for:						
General purposes				2,425,734	-	2,425,734
Debt service				217,208	-	217,208
Capital outlay				254,796	-	254,796
Statewide sales, services and use tax				480,363	-	480,363
Unrestricted state grants				2,095,098	-	2,095,098
Unrestricted investment earnings				22,190	176	22,366
Other				96,752	-	96,752
Contributions not restricted to specific programs				42,173	-	42,173
Total general revenues				5,634,314	176	5,634,490
Change in net position				549,519	9,364	558,883
Net position beginning of year, as restated				2,947,437	40,861	2,988,298
Net position end of year				\$ 3,496,956	50,225	3,547,181

See notes to financial statements.

## Exhibit C

**Lynnville-Sully Community School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	General	Debt Service	Capital Projects	Non-major	Total
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$ 1,625,948	8,169	979,465	605,122	3,218,704
Receivables:					
Property tax:					
Delinquent	5,684	645	636	902	7,867
Succeeding year	2,182,259	336,194	156,749	200,001	2,875,203
Income surtax	209,379	-	-	-	209,379
Accounts	4,607	-	-	-	4,607
Due from other governments	244,692	-	40,440	-	285,132
Prepaid expense	-	-	3,078	-	3,078
<b>Total assets</b>	<b>\$ 4,272,569</b>	<b>345,008</b>	<b>1,180,368</b>	<b>806,025</b>	<b>6,603,970</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 185,329	1,000	34,319	10,644	231,292
Salaries and benefits payable	529,213	-	-	-	529,213
Deposits payable	-	-	47,250	-	47,250
Total liabilities	714,542	1,000	81,569	10,644	807,755
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,182,259	336,194	156,749	200,001	2,875,203
Income surtax	209,379	-	-	-	209,379
Advances from Federal grantors	21,386	-	-	-	21,386
Total deferred inflows of resources	2,413,024	336,194	156,749	200,001	3,105,968
Fund balances:					
Nonspendable:					
Prepaid items	-	-	3,078	-	3,078
Restricted for:					
Categorical funding	176,590	-	-	-	176,590
Debt service	-	7,814	155,755	-	163,569
Management levy purposes	-	-	-	378,004	378,004
Student activities	-	-	-	217,376	217,376
School infrastructure	-	-	640,716	-	640,716
Physical plant and equipment	-	-	145,579	-	145,579
Unassigned	968,413	-	(3,078)	-	965,335
Total fund balances	1,145,003	7,814	942,050	595,380	2,690,247
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,272,569</b>	<b>345,008</b>	<b>1,180,368</b>	<b>806,025</b>	<b>6,603,970</b>

See notes to financial statements.

Exhibit D

**Lynnville-Sully Community School District  
Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Position  
June 30, 2020**

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<b>Total fund balances of governmental funds (Exhibit C)</b>	<b>\$ 2,690,247</b>
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***Amounts reported for governmental activities in the  
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,906,197
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Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(20,994)
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Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 816,009	
Deferred inflows of resources	(555,716)	260,293

Long-term liabilities, including bonds payable, bond discounts, capital leases payable, early retirement, net pension liability and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities at year-end consist of:

General obligation bonds payable	(225,000)	
Revenue bonds payable	(920,000)	
Bond discount, net	1,057	
Early retirement	(10,000)	
Net pension liability	(2,628,127)	
Other postemployment benefits	(556,717)	(4,338,787)

<b>Net position of governmental activities (Exhibit A)</b>	<b>\$ 3,496,956</b>
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See notes to financial statements.

## Exhibit E

**Lynnville-Sully Community School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2020**

	General	Debt Service	Capital Projects	Non-major	Total
Revenues:					
Local sources:					
Local tax	\$ 2,127,065	217,208	254,796	298,669	2,897,738
Tuition	698,882	-	-	-	698,882
Other	91,233	720	26,116	230,868	348,937
State sources	2,998,802	1,976	482,426	2,764	3,485,968
Federal sources	126,933	-	-	-	126,933
Total revenues	6,042,915	219,904	763,338	532,301	7,558,458
Expenditures:					
Current:					
Instruction:					
Regular	2,467,953	-	5,357	43,747	2,517,057
Special	836,618	-	-	-	836,618
Other	754,000	-	-	219,218	973,218
	4,058,571	-	5,357	262,965	4,326,893
Support services:					
Student	121,961	-	-	444	122,405
Instructional staff	44,492	-	92,680	354	137,526
Administration	760,568	-	-	3,748	764,316
Operation and maintenance of plant	455,721	-	16,722	76,735	549,178
Transportation	281,134	-	31,376	2,226	314,736
	1,663,876	-	140,778	83,507	1,888,161
Non-instructional programs	-	-	-	907	907
Other expenditures:					
Facilities acquisition	-	-	301,282	-	301,282
Long-term debt:					
Principal	-	285,000	-	-	285,000
Interest and fiscal charges	-	58,181	2,696	-	60,877
AEA flowthrough	204,067	-	-	-	204,067
	204,067	343,181	303,978	-	851,226
Total expenditures	5,926,514	343,181	450,113	347,379	7,067,187
Excess (deficiency) of revenues over (under) expenditures	116,401	(123,277)	313,225	184,922	491,271
Other financing sources (uses):					
Transfers in	-	113,219	-	-	113,219
Transfers out	-	-	(113,219)	-	(113,219)
Total other financing sources (uses)	-	113,219	(113,219)	-	-
Change in fund balances	116,401	(10,058)	200,006	184,922	491,271
Fund balances beginning of year	1,028,602	17,872	742,044	410,458	2,198,976
Fund balances end of year	\$ 1,145,003	7,814	942,050	595,380	2,690,247

See notes to financial statements.

Exhibit F

**Lynnville-Sully Community School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**Year ended June 30, 2020**

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**Net change in fund balances - total governmental funds (Exhibit E)** **\$ 491,271**

***Amounts reported for governmental activities in the statement of activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 175,868	
Depreciation expense	<u>(428,318)</u>	(252,450)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

GO bonds repaid	215,000	
Revenue bonds repaid	70,000	
Amortization of bond discount	<u>(1,269)</u>	283,731

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

1,849

The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

324,973

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	20,000	
Other postemployment benefits	169,454	
Pension expense	<u>(489,309)</u>	(299,855)

**Change in net position of governmental activities (Exhibit B)** **\$ 549,519**

See notes to financial statements.

**Lynnville-Sully Community School District**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2020**

	Enterprise, School Nutrition
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 118,498
Inventories	6,268
Total current assets	<u>124,766</u>
Non-current assets:	
Property and equipment:	
Machinery and equipment	128,620
Accumulated depreciation	<u>(101,441)</u>
Total non-current assets	<u>27,179</u>
<b>Total assets</b>	<u>151,945</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	<u>24,970</u>
<b>Liabilities</b>	
Current liabilities:	
Salaries and benefits payable	2,247
Total current liabilities	<u>2,247</u>
Noncurrent liabilities:	
Net pension liability	77,682
Net OPEB liability	<u>31,512</u>
Total noncurrent liabilities	<u>109,194</u>
<b>Total liabilities</b>	<u>111,441</u>
<b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	<u>15,249</u>
<b>Net Position</b>	
Net investment in capital assets	27,179
Unrestricted	<u>23,046</u>
<b>Total net position</b>	<u>\$ 50,225</u>

See notes to financial statements.

Exhibit H

**Lynnville-Sully Community School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund**  
**Year ended June 30, 2020**

	Enterprise, School Nutrition
Operating revenue:	
Local sources:	
Charges for services	\$ 149,025
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	111,346
Benefits	33,844
Purchased services	3,769
Supplies	138,037
Depreciation	3,035
Total operating expenses	290,031
Operating loss	(141,006)
Non-operating revenue:	
Interest income	176
State sources	2,115
Federal sources	148,079
Total non-operating revenue	150,370
Change in net position	9,364
Net position beginning of year	40,861
Net position end of year	\$ 50,225

See notes to financial statements.



## Exhibit I

**Lynnville-Sully Community School District**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year ended June 30, 2020**

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 149,025
Cash payments to employees for services	(147,312)
Cash payments to suppliers for goods or services	(120,939)
Net cash used by operating activities	(119,226)
Cash flows from non-capital financing activities:	
State grants received	2,115
Federal grants received	124,788
Net cash provided by non-capital financing activities	126,903
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(12,435)
Cash flows from investing activities:	
Interest on investments	176
Net decrease in cash and cash equivalents	(4,582)
Cash and cash equivalents at beginning of year	123,080
Cash and cash equivalents at end of year	\$ 118,498
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (141,006)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	23,291
Depreciation	3,035
(Increase) in inventories	(2,424)
Increase in accounts payable	2,247
(Decrease) in net pension liability	(7,430)
Decrease in deferred outflows of resources	12,023
Increase in deferred inflows of resources	630
(Decrease) in other postemployment benefits	(9,592)
Net cash used by operating activities	\$ (119,226)
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>	
Current assets:	
Cash	\$ 118,498
Cash and cash equivalents at year end	\$ 118,498

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2020, the District received \$23,291 of federal commodities.

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

Lynnvile-Sully Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the cities of Lynnvile, Sully, Searsboro and Killduff, Iowa and the predominate agricultural territory in Jasper, Poweshiek and Mahaska counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Lynnvile-Sully Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Lynnvile-Sully Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Jasper County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the District are considered non-major and are as follows:

The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

The District reports the following non-major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

**C. Measurement Focus and Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when

payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2019.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reported capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,500
Buildings	3,500
Improvements other than buildings	3,500
Furniture and equipment	3,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements other than buildings	20-50
Furniture and equipment	5-15

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Long-term liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Lynnville-Sully Community School District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Enterprise, School Nutrition Fund.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of the succeeding year's property tax receivable and income surtax receivable that will not be recognized as revenue until the year for which it is levied and unrecognized items not yet charged to pension expense.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

*Restricted* – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

*Unassigned* – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, expenditures did not exceed the amounts budgeted

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2020, the District had investments as follows:

Great Western Bank Certificate of Deposit	\$	28,168
Iowa Schools Joint Investment Trust (ISJIT):		
Diversified Portfolio (amortized cost)		29,341
UMB Bank:		
Goldman Sachs Financial Square Treasury Instrument Funds		214,757
	\$	<u>272,266</u>

At June 30, 2020, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$29,341. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Statewide Sales, Services and Use Tax	\$ 113,219
Total		<u>\$ 113,219</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 116,125	-	-	116,125
Total capital assets not being depreciated	116,125	-	-	116,125
Capital assets being depreciated:				
Buildings	9,001,438	81,490	-	9,082,928
Improvements other than buildings	839,495	-	-	839,495
Furniture and equipment	1,816,739	94,378	(69,624)	1,841,493
Total capital assets being depreciated	11,657,672	175,868	(69,624)	11,763,916
Less accumulated depreciation for:				
Buildings	5,044,156	280,935	-	5,325,091
Improvements other than buildings	349,646	36,707	-	386,353
Furniture and equipment	1,221,348	110,676	(69,624)	1,262,400
Total accumulated depreciation	6,615,150	428,318	(69,624)	6,973,844
Total capital assets being depreciated, net	5,042,522	(252,450)	-	4,790,072
Governmental activities capital assets, net	\$ 5,158,647	(252,450)	-	4,906,197
<b>Business type activities:</b>				
Furniture and equipment	\$ 134,713	12,435	(18,528)	128,620
Less accumulated depreciation	116,934	3,035	(18,528)	101,441
Business type activities capital assets, net	\$ 17,779	9,400	-	27,179

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 126,256
Special	52,607
Other	59,621

Support services:

Student services	38,578
Instructional staff	73,649
Administration	715
Operation and maintenance of plant	4,807
Transportation	72,085

Total governmental activities depreciation expense	\$ 428,318
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Business type activities:

Food services	\$ 3,035
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(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2020 are summarized as follows:

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 440,000	-	215,000	225,000	225,000
GO bonds discount	(2,326)	-	(1,269)	(1,057)	-
Revenue bonds	990,000	-	70,000	920,000	70,000
Early retirement	30,000	-	20,000	10,000	10,000
Net pension liability	2,860,701	-	232,574	2,628,127	-
Net OPEB liability	726,171	-	169,454	556,717	-
Total	\$ 5,044,546	-	705,759	4,338,787	305,000
Business type activities:					
Net pension liability	\$ 85,112	-	7,430	77,682	-
Net OPEB liability	41,104	-	9,592	31,512	-
Total	\$ 126,216	-	17,022	109,194	-

General Obligation Bonds

Details of the District's June 30, 2020 general obligation bonded indebtedness are as follows:

Bond Issue of May 1, 2011				
Year ending June 30,	Interest Rates	Principal	Interest	Total
2021	3.00%	225,000	6,750	231,750
Total		\$ 225,000	6,750	231,750

On May 1, 2011, the District issued \$1,990,000 of General Obligation Refunding Bonds to currently refund bonds issued in fiscal year 2002. The bonds bear interest at rates ranging from 0.55% to 3.00% per annum. During the year ended June 30, 2020, principal and interest paid were \$215,000 and \$42,219, respectively.

Revenue Bonds

Details of the Districts' June 30, 2020 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Bond Issue of April 1, 2010				
Year ending June 30,	Interest Rates	Principal	Interest	Total
2021	4.25%	70,000	39,506	109,506
2022	4.25%	75,000	36,556	111,556
2023	4.25%	75,000	33,369	108,369
2024	4.25%	80,000	30,075	110,075
2025	4.25%	85,000	26,569	111,569
2026	4.70%	85,000	22,956	107,956
2027	4.70%	90,000	19,035	109,035
2028	4.70%	95,000	14,688	109,688
2029	4.70%	100,000	10,105	110,105
2030	4.70%	165,000	5,287	170,287
Total		\$ 920,000	238,146	1,158,146

The District has pledged future statewide sales, services and use tax revenues to repay the bonds issued in April 2010. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$1,158,146. For the current year, \$112,219 principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$480,363.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) \$155,755 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District complied with all of the provisions during the year ended June 30, 2020.

(6) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 % for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2020 were \$335,355.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -  
At June 30, 2020, the District reported a liability of \$2,705,809 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.046415%, which was a decrease of 0.000150% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$504,914. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,501	97,287
Changes of assumptions	289,831	-
Net difference between projected and actual earnings on IPERS' investments	127,911	432,823
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	80,381	40,855
District contributions subsequent to the measurement date	335,355	-
Total	<u>\$ 840,979</u>	<u>570,965</u>

\$335,355 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June, 30	
2020	\$ 55,939
2021	(50,387)
2022	(21,865)
2023	(42,704)
2024	(6,324)
Total	<u>\$ (65,341)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation
Long-term investment rate of return (effective June 30, 2017)	Rates vary by membership group
Wage growth (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ 4,804,643	\$ 2,705,809	\$ 945,330

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$18,292 for legally required District contributions and \$12,188 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(7) **Other Post-Employment Benefits (OPEB)**

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits for employees are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75.

OPEB Benefits - Individuals who are employed by Lynnville – Sully Community School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	65
	<u>65</u>

Total OPEB Liability - the District's total OPEB liability of \$588,229 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2020)	2.50% per annum.
Rates of salary increase (effective June 30, 2020)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Discount rate (effective June 30, 2020)	2.45% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2020)	6.40% initial rate decreasing by 0.50% annually to an ultimate rate of 4.00%

Discount Rate - The discount rate used to measure the total OPEB liability was 2.45% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality tables with projected mortality improvements based on Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

Total OPEB liability beginning of year	\$ 767,275
Changes for the year	
Service cost	71,849
Interest	24,016
Differences between expected and actual differences	(247,473)
Changes in assumptions	(16,386)
Benefit payments	(11,052)
Net changes	<u>(179,046)</u>
Total OPEB liability end of year	<u>\$ 588,229</u>

Changes of assumptions reflect a change in the discount rate from 3.13% in fiscal year 2019 to 2.45% in fiscal year 2020.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.45%) or 1% higher (3.45%) than the current discount rate.

	1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
Total OPEB liability	\$ 640,308	588,229	539,762

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.40%) or 1% higher (7.40%) than the current healthcare cost trend rates.

	1% Decrease (5.40%)	Healthcare Cost Trend Rate (6.40%)	1% Increase (7.40%)
Total OPEB liability	\$ 512,730	588,229	678,345

OPEB Expense – For the year ended June 30, 2020, the District recognized OPEB expense of \$118,164.

#### (8) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### (9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$204,067 for the year ended June 30, 2020, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

#### (10) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
Mahaska County	Urban renewal and economic development projects	\$ 22,625
City of Sully	Urban renewal and economic development projects	24,101
		<u>\$ 46,726</u>

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2020, this reimbursement amounted to \$24,882.

**(11) Categorical Funding**

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical finding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2020.

Program	Amount
Teacher leadership state aid	\$ 102,347
Teacher salary supplement	10,238
Successful progression for early readers	17,593
Professional development	715
Four-year old preschool	44,253
Textbook aid for non-public students	1,444
Total	<u>176,590</u>

**(12) Restatement**

The beginning net position for governmental activities was restated due to a miscalculation of the capital lease liability in the prior year.

	Governmental Activities
Net position June 30, 2019, as previously reported	\$ 2,854,694
Adjustment to capital lease liability	92,743
Net position June 30, 2019, as restated	<u>\$ 2,947,437</u>

**(13) Subsequent Events**

On March 3, 2020, the voters of the District approved a \$4.5 million bond referendum for the purpose of improvements and repairs to buildings and sites.

The District has also entered into a computer hardware lease with Apple at a total cost of \$201,811.42 and a bus lease with School Bus Sales at a total cost of \$96,686.



### **Required Supplementary Information**

Lynnville-Sully Community School District  
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances  
 Budget and Actual - All Governmental Funds and Proprietary Fund  
 Required Supplementary Information  
 Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 3,945,557	149,201	4,094,758	4,101,037	4,101,037	(6,279)
State sources	3,485,968	2,115	3,488,083	3,466,819	3,466,819	21,264
Federal sources	126,933	148,079	275,012	265,550	265,550	9,462
Total revenues	7,558,458	299,395	7,857,853	7,833,406	7,833,406	24,447
Expenditures/Expenses:						
Instruction	4,326,893	-	4,326,893	4,560,263	4,560,263	233,370
Support services	1,888,161	-	1,888,161	1,881,160	1,950,000	61,839
Non-instructional programs	907	290,031	290,938	291,350	320,000	29,062
Other expenditures	851,226	-	851,226	1,179,350	1,179,350	328,124
Total expenditures	7,067,187	290,031	7,357,218	7,912,123	8,009,613	652,395
Excess (deficiency) of revenues over (under) expenditures/expenses	491,271	9,364	500,635	(78,717)	(176,207)	676,842
Other financing sources, net	-	-	-	-	-	-
Change in fund balance	491,271	9,364	500,635	(78,717)	(176,207)	676,842
Balances beginning of year	2,198,976	40,861	2,239,837	2,227,849	2,227,849	11,988
Balances end of year	\$ 2,690,247	50,225	2,740,472	2,149,132	2,051,642	688,830

See accompanying independent auditor's report.

**Lynnvile-Sully Community School District**  
**Notes to Required Supplementary Information - Budgetary Reporting**  
**Year ended June 30, 2020**

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This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's Budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$97,490.

During the year ended June 30, 2020, expenditures did not exceed the amounts budgeted.

**Lynnville-Sully Community School District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Iowa Public Employee's Retirement System**  
**For the Last Six Years\* (In Thousands)**  
**Required Supplementary Information**

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.046415%	0.046565%	0.044226%	0.043620%	0.046222%	0.046157%
District's proportion of the net pension pension liability	\$ 2,706	2,946	2,920	2,720	2,298	1,868
District's covered-employee payroll	\$ 3,565	3,251	3,244	3,102	3,187	3,082
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	75.90%	90.62%	90.01%	87.69%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

\*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

**Lynnville-Sully Community School District**  
**Schedule of District Contributions**  
**Iowa Public Employees' Retirement System**  
**For the Last Ten Years (In Thousands)**  
**Required Supplementary Information**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 335	336	290	290	277	285	275	243	216	191
Contributions in relation to the statutorily required contribution	(335)	(336)	(290)	(290)	(277)	(285)	(275)	(243)	(216)	(191)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 3,553	3,565	3,251	3,244	3,102	3,187	3,082	2,802	2,677	2,743
Contributions as a percentage of covered-employee payroll	9.43%	9.42%	8.92%	8.94%	8.93%	8.94%	8.92%	8.67%	8.07%	6.96%

See accompanying independent auditor's report.

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

**Lynnville-Sully Community School District**  
**Schedule of Changes in the District's**  
**Total OPEB Liability, Related Ratios and Notes**  
**For the Last Three Years**  
**Required Supplementary Information**

	2020	2019	2018
Service cost	\$ 71,849	70,097	70,451
Interest cost	24,016	20,317	20,290
Difference between expected and actual experiences	(247,473)	-	-
Changes in assumptions	(16,386)	27,750	(2,131)
Benefit payments	(11,052)	-	-
Net change in total OPEB liability	(179,046)	118,164	88,610
Total OPEB liability beginning of year	767,275	649,111	560,501
Total OPEB liability end of year	\$ 588,229	767,275	649,111
Covered-employee payroll	\$ 3,210,239	3,319,325	2,929,666
Total OPEB liability as a percentage of covered-employee payroll	18.32%	23.12%	22.16%

**Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios**

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2020	2.45%
Year ended June 30, 2019	3.13%
Year ended June 30, 2018	3.62%
Year ended June 30, 2017	3.56%

See accompanying independent auditor's report.

## **Supplementary Information**



## Schedule 1

**Lynnville-Sully Community School District**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2020**

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 377,102	228,020	605,122
Receivables:			
Property tax:			
Delinquent	902	-	902
Succeeding year	200,001	-	200,001
<b>Total assets</b>	<b>\$ 578,005</b>	<b>228,020</b>	<b>806,025</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	10,644	10,644
Total liabilities	-	10,644	10,644
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	200,001	-	200,001
Total deferred inflows of resources	200,001	-	200,001
Fund balances:			
Restricted for:			
Management levy purposes	378,004	-	378,004
Student activities	-	217,376	217,376
Total fund balances	378,004	217,376	595,380
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 578,005</b>	<b>228,020</b>	<b>806,025</b>

See accompanying independent auditor's report.

## Schedule 2

**Lynnville-Sully Community School District**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year ended June 30, 2020**

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 298,669	-	298,669
Other	1,825	229,043	230,868
State sources	2,764	-	2,764
Total revenues	303,258	229,043	532,301
Expenditures:			
Current:			
Instruction:			
Regular	43,747	-	43,747
Other	-	219,218	219,218
Support Services:			
Student	444	-	444
Instructional staff	354	-	354
Administration	3,748	-	3,748
Operation and maintenance of plant	76,735	-	76,735
Transportation	2,226	-	2,226
Non-instructional program	907	-	907
Total expenditures	128,161	219,218	347,379
Excess (deficiency) of revenues over (under) expenditures	175,097	9,825	184,922
Fund balances beginning of year	202,907	207,551	410,458
Fund balances end of year	\$ 378,004	217,376	595,380

See accompanying independent auditor's report.

## Schedule 3

**Lynnville-Sully Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2020**

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures and Interfund Transfers	Balance End of Year
Athletic Booster Club	\$ 27,818	37,714	34,191	31,341
Drill Team	1,773	3,323	1,528	3,568
ITED Incentives	1,651	1,500	973	2,178
Instrumental Resale	749	48	12	785
Instrumental Concerts	5,460	585	111	5,934
Vocal Concerts	91	377	98	370
Music Booster Club	15,321	3,474	5,326	13,469
Music Boosters Uniforms	2,678	690	-	3,368
High School Annual (Yearbook)	33,206	13,576	10,964	35,818
Speech and Drama	348	21	-	369
Cheerleaders	4,391	1,069	1,417	4,043
Co-Ed Athletics	9,242	36,939	42,858	3,323
Co-Ed Athletics Uniforms	135	-	-	135
Boy's Basketball	2,180	3,771	4,839	1,112
Girl's Basketball	3,636	-	153	3,483
Football	8,153	15,691	19,239	4,605
Baseball	1,311	-	185	1,126
Cross Country	44	5,695	2,383	3,356
Golf	526	-	50	476
Track	809	2,848	3,054	603
Wrestling	2,420	2,667	477	4,610
Volleyball	4,159	2,841	1,895	5,105
Softball	739	-	165	574
F.F.A.	8,812	23,074	20,005	11,881
National Honor Society	-	2,900	2,900	-
High School Student Council	354	3,330	2,233	1,451
Junior High Student Council	1,391	3,774	4,115	1,050
Junior High Student Project	-	748	748	-
Class of 2019	13,621	-	13,621	-
Class of 2020	6,216	-	(13,488)	19,704
Class of 2021	5,317	1,235	1,536	5,016
Class of 2022	3,373	737	359	3,751
Class of 2023	673	1,280	-	1,953
Class of 2024	178	-	-	178
Class of 2025	223	-	-	223
Class of 2026	89	-	-	89
Class of 2027	219	-	-	219
Class of 2028	841	-	-	841
Class of 2029	890	-	-	890
Spanish Club	3,466	-	-	3,466

## Schedule 3

**Lynnville-Sully Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2020**

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures and Interfund Transfers	Balance End of Year
Padlocks	63	-	-	63
Interest	1,036	243	46	1,233
After Prom Party	8,789	18,069	23,622	3,236
Student Assistance Fund	2,525	8,016	3,209	7,332
Math Club	1,219	885	-	2,104
Athletic Booster - LL and Soccer	13,794	10,041	7,347	16,488
Art Club	7,294	1,284	2,310	6,268
Jazz Band	189	-	-	189
Concession Stand	139	20,598	20,737	-
Totals	\$ 207,551	229,043	219,218	217,376

See accompanying independent auditor's report.

## Schedule 4

**Lynnville-Sully Community School District**  
**Combining Balance Sheet**  
**Capital Projects Fund Accounts**  
**June 30, 2020**

	Capital Projects				Total
	Statewide Sales, Services and Use Tax	Capital Projects - Bonds	Capital Projects - Improvements	Physical Plant and Equipment Levy	
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$ 762,765	44,172	13,106	159,422	979,465
Receivables:					
Property tax:					
Delinquent	-	-	-	636	636
Succeeding year	-	-	-	156,749	156,749
Due from other governments	40,440	-	-	-	40,440
Prepaid expense	-	3,078	-	-	3,078
<b>Total assets</b>	<b>\$ 803,205</b>	<b>47,250</b>	<b>13,106</b>	<b>316,807</b>	<b>1,180,368</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 19,840	-	-	14,479	34,319
Deposits payable	-	47,250	-	-	47,250
Total liabilities	19,840	47,250	-	14,479	81,569
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	-	-	-	156,749	156,749
Total deferred inflows of resources	-	-	-	156,749	156,749
Fund balances:					
Nonspendable:					
Prepaid items	-	3,078	-	-	3,078
Restricted for:					
Debt service	155,755	-	-	-	155,755
School infrastructure	627,610	-	13,106	-	640,716
Physical plant and equipment	-	-	-	145,579	145,579
Unassigned	-	(3,078)	-	-	(3,078)
Total fund balances	783,365	-	13,106	145,579	942,050
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 803,205</b>	<b>47,250</b>	<b>13,106</b>	<b>316,807</b>	<b>1,180,368</b>

See accompanying independent auditor's report.

## Schedule 5

**Lynnville-Sully Community School District**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Capital Projects Fund Accounts**  
**Year ended June 30, 2020**

	Capital Projects				Total
	Statewide Sales, Services and Use Tax	Capital Projects Bonds	Capital Projects - Improvements	Physical Plant and Equipment Levy	
Revenues:					
Local sources:					
Local tax	\$ -	-	-	254,796	254,796
Other	5,874	-	-	20,242	26,116
State sources	480,363	-	113	1,950	482,426
Total revenues	486,237	-	113	276,988	763,338
Expenditures:					
Current:					
Instruction:					
Regular	-	-	-	5,357	5,357
Support services:					
Instructional staff	-	-	-	92,680	92,680
Operation and maintenance of plant	-	-	-	16,722	16,722
Transportation	-	-	-	31,376	31,376
Other expenditures:					
Facilities acquisition	201,408	-	500	99,374	301,282
Interest and fiscal charges	2,696	-	-	-	2,696
Total expenditures	204,104	-	500	245,509	450,113
Excess (deficiency) of revenues over (under) expenditures	282,133	-	(387)	31,479	313,225
Other financing sources (uses)					
Transfers out	(113,219)	-	-	-	(113,219)
Total other financing sources (uses)	(113,219)	-	-	-	(113,219)
Change in fund balances	168,914	-	(387)	31,479	200,006
Fund balances beginning of year	614,451	-	13,493	114,100	742,044
Fund balances end of year	\$ 783,365	-	13,106	145,579	942,050

See accompanying independent auditor's report.

**Lynnville-Sully Community School District**  
**Schedule of Revenues by Source and Expenditures by Function**  
**All Governmental Funds**  
**For the Last Ten Years**

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local sources:										
Local tax	\$ 2,897,738	2,695,841	2,627,858	2,617,824	2,464,226	2,160,981	2,249,624	2,665,232	2,640,252	2,543,681
Tuition	698,882	653,271	633,169	532,777	455,135	411,426	392,261	389,910	340,886	388,430
Other	348,937	407,317	430,718	408,940	481,313	429,913	700,720	433,543	449,665	689,309
State sources	3,485,968	3,399,288	3,163,207	3,078,233	2,735,070	2,771,651	2,545,968	2,199,544	2,211,193	2,070,144
Federal sources	126,933	127,792	137,850	135,036	118,762	104,886	99,841	119,377	219,390	159,938
Total	<u>\$ 7,558,458</u>	<u>7,283,509</u>	<u>6,992,802</u>	<u>6,772,810</u>	<u>6,254,506</u>	<u>5,878,857</u>	<u>5,988,414</u>	<u>5,807,606</u>	<u>5,861,386</u>	<u>5,851,502</u>
Expenditures:										
Instruction:										
Regular	\$ 2,517,057	2,463,617	2,382,011	2,416,248	2,209,294	2,140,258	2,239,688	2,034,218	1,967,837	1,920,892
Special	836,618	795,112	729,965	755,260	701,855	718,638	742,206	664,174	602,182	651,363
Other	973,218	1,048,493	1,065,383	685,939	721,885	687,974	758,542	685,879	666,163	627,973
Support services:										
Student	122,405	93,005	93,747	103,928	101,090	98,357	104,859	72,243	68,415	67,618
Instructional staff	137,526	113,704	132,428	180,644	176,632	221,574	233,652	177,302	111,909	88,074
Administration	764,316	750,417	707,827	571,524	565,047	663,180	651,852	612,965	586,710	575,167
Operation and maintenance of plant	549,178	534,793	503,662	530,974	405,983	459,101	400,779	402,621	341,632	362,487
Transportation	314,736	349,861	279,680	276,763	857,166	417,226	408,961	270,536	270,825	266,837
Non-instructional programs	907	749	794	913	1,052	1,041	1,054	1,337	1,085	1,144
Other expenditures:										
Facilities acquisition	301,282	483,101	152,469	236,627	120,641	611,789	236,872	298,402	451,239	858,020
Long-term debt:										
Principal	285,000	360,340	454,127	373,610	274,970	240,000	245,000	240,000	230,000	2,065,000
Interest and other charges	60,877	71,964	84,101	86,182	90,034	90,125	93,960	97,090	109,791	165,877
AEA flowthrough	204,067	197,354	188,418	175,937	170,985	171,711	169,301	164,038	164,846	182,815
Total	<u>\$ 7,067,187</u>	<u>7,262,510</u>	<u>6,774,612</u>	<u>6,394,549</u>	<u>6,396,634</u>	<u>6,520,974</u>	<u>6,286,726</u>	<u>5,720,805</u>	<u>5,572,634</u>	<u>7,833,267</u>

See accompanying independent auditor's report.

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**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Education of Lynnville-Sully Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Lynnville-Sully Community School District, Sully, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lynnville-Sully Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lynnville-Sully Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lynnville-Sully Community School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider to be material weaknesses. We did identify a deficiency in internal control described in Part I of the accompanying Schedule of Findings as item (A) that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lynnville-Sully Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part II of the Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### Lynnville-Sully Community School District's Responses to Findings

Lynnville-Sully Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Lynnville-Sully Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Lynnville-Sully Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Van Maanen, Sietstra, Meyer & Nikkel PC*

Van Maanen, Sietstra, Meyer & Nikkel, PC  
Certified Public Accountants

January 14, 2021

**Part I: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCY:**

- A. Segregation of Duties – The limited number of office personnel prevents a proper segregation of accounting functions necessary to assure adequate internal control. This is not unusual in Districts of your size, but the Board should constantly be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in the Board's knowledge of matters relating to the District's operations.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

**Part II: Other Findings Related to Required Statutory Reporting:**

1. Certified Budget - Expenditures for the year ended June 30, 2020, did not exceed the certified budget amounts.
2. Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions – No business transactions between the District and District officials or employees were noted.
5. Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
6. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
7. Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
8. Certified Enrollment –Variances in the basic enrollment data certified to the Department of Education were noted.

Recommendation – The certified enrollment data should be corrected.

Response – The Iowa Department of Education and the Iowa Department of Management will be notified of the error.

Conclusion – Response accepted.

**Lynnville-Sully Community School District**  
**Schedule of Findings**  
**Year ended June 30, 2020**

---

9. Supplementary Weighting – Variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

Recommendation – The supplementary weighting data should be corrected

Response – The Iowa Department of Education and the Iowa Department of Management will be notified of the error.

Conclusion – Response accepted.

10. Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

11. Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

12. Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

13. Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2020, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	614,451
Revenues/transfers in:			
Sales tax revenues	\$	480,363	
Other local revenues		5,874	486,237
			<hr/>
			1,100,688
Expenditures/transfers out			
School infrastructure construction		201,408	
Other		2,696	
Transfers to other funds:			
Debt service funds		113,219	317,323
			<hr/>
Ending balance		\$	<u>783,365</u>

For the year ended June 30, 2020, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	<hr/>	
	Rate of Levy	
	Reduction Per	
	\$1,000 of Taxable	Property Tax Dollars
	Valuation	Reduced
Debt service levy	0.04647	10,000